

HOUSE BILL No. 5150

November 13, 2013, Introduced by Reps. Glardon, Leonard, Goike, Hovey-Wright, Segal and Cochran and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 4016 and 4073 (MCL 500.4016 and 500.4073),
section 4073 as added by 1980 PA 58.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4016. (1) ~~There shall be a~~ **EACH LIFE INSURANCE POLICY**
2 **SHALL CONTAIN A** provision that all statements made by the insured,
3 shall, in the absence of fraud, be ~~deemed~~ **CONSIDERED**
4 representations and not warranties. ~~, and that no such~~ **THE**
5 statement shall **NOT** avoid the policy unless ~~it~~ **THE STATEMENT** is
6 contained in a written application and a copy of ~~such~~ **THE**
7 application ~~shall~~ **MUST** be endorsed upon or attached to the policy
8 when issued.

1 (2) AN APPLICATION OBTAINED THROUGH ELECTRONIC MEANS IS AN
2 APPLICATION UNDER SUBSECTION (1). THE INFORMATION CONTAINED IN THAT
3 APPLICATION MUST BE ENDORSED UPON OR ATTACHED TO THE POLICY.

4 Sec. 4073. (1) ~~An~~SUBJECT TO SUBSECTION (2), AN annuity
5 contract shall not be delivered or issued for delivery in this
6 state unless the contract contains on the front page a notice, in
7 substance printed or stamped made as a permanent part of the
8 policy, that during a period of not less than 10 days after the
9 date the policyholder receives the policy, the policyholder may
10 cancel the policy and receive from the insurer a prompt refund of
11 any premium paid for the policy, including a policy fee or other
12 charge, by mailing or otherwise surrendering the policy to the
13 insurer together with a written request for cancellation. If a
14 policyholder or purchaser pursuant to ~~such~~THE notice, returns the
15 policy or contract to the company or association at its home or
16 branch office or to the agent through whom it was purchased, it
17 ~~shall be~~IS void from the beginning and the parties ~~shall be~~ARE in
18 the same position as if no policy or contract had been issued.

19 (2) FOR A VARIABLE ANNUITY CONTRACT, THE REFUND UNDER
20 SUBSECTION (1) SHALL EQUAL THE SUM OF THE FOLLOWING:

21 (A) THE DIFFERENCE BETWEEN THE PREMIUMS PAID, INCLUDING ANY
22 POLICY OR CONTRACT FEES OR OTHER CHARGES, AND THE AMOUNTS ALLOCATED
23 TO ANY SEPARATE ACCOUNTS UNDER THE POLICY OR CONTRACT.

24 (B) THE VALUE OF THE AMOUNTS ALLOCATED TO ANY SEPARATE
25 ACCOUNTS UNDER THE POLICY OR CONTRACT ON THE DATE THE RETURNED
26 POLICY IS RECEIVED BY THE INSURER OR ITS INSURANCE PRODUCER.

27 (3) ~~(2)~~This section ~~shall~~DOES not apply to policies or

1 contracts issued to an employee in connection with the funding of a
2 pension, annuity or profit-sharing plan, qualified or exempt under
3 section 401, 403, 404, or 501 of the ~~United States~~ internal revenue
4 code of ~~1954-1986~~, **26 USC 401, 403, 404, AND 501** if participation
5 in the plan is a condition of employment.